EVALUATING THE IMPACT OF DRUG TRAFFICKING ORGANIZATIONS ON THE STABILITY OF THE MEXICAN STATE

A thesis presented to the Faculty of the U.S. Army Command and General Staff College in partial fulfillment of the requirements for the degree

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by

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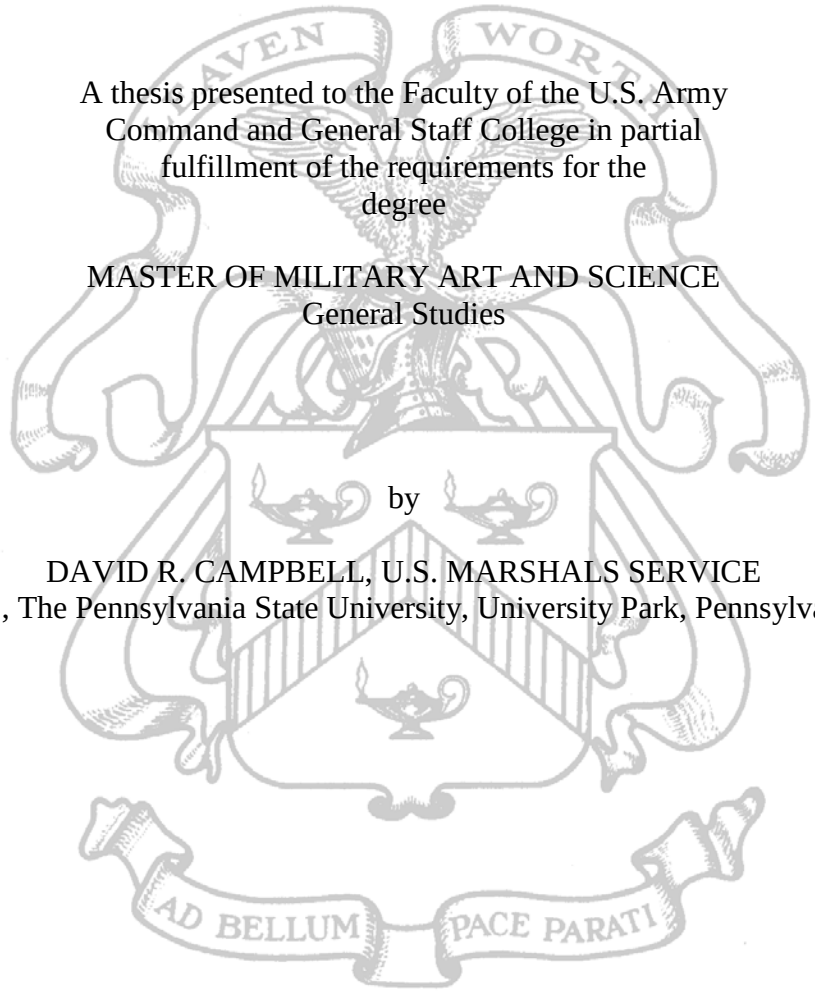

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Since 2007, when President Felipe Calderon declared his government's war on the drug trafficking organizations operating in his country, the level of narcotics related violence has increased dramatically. The violence, which had been largely confined to factions of the cartels, now threatens every citizen and is devastating the economy of the border region. This thesis evaluates the impact of Mexican drug cartels on the stability of the Mexican State and on the security of the U.S. The primary conclusion drawn is that the Mexican state is unlikely to fail as state failure is defined, but the Mexican government is likely to return to a one party system under which drug trafficking and corruption are tolerated but the violence does not directly affect the average Mexican. While current U.S. efforts toward increased border security and assistance to Mexico in the form of the Merida Initiative have made positive impacts, it is only by decreasing U.S. demand for illegal narcotics and encouraging Mexican economic growth that both nations can make real progress in the drug war.

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ABSTRACT

EVALUATING THE IMPACT OF DRUG TRAFFICKING ORGANIZATIONS ON THE STABILITY OF THE MEXICAN STATE, by David R. Campbell, Deputy U.S. Marshal, 66 pages.

Since 2007, when President Felipe Calderon declared his government's war on the drug trafficking organizations operating in his country, the level of narcotics related violence has increased dramatically. The violence, which had been largely confined to factions of the cartels, now threatens every citizen and is devastating the economy of the border region. This thesis evaluates the impact of Mexican drug cartels on the stability of the Mexican State and on the security of the U.S. The primary conclusion drawn is that the Mexican state is unlikely to fail as state failure is defined, but the Mexican government is likely to return to a one party system under which drug trafficking and corruption are tolerated but the violence does not directly affect the average Mexican. While current U.S. efforts toward increased border security and assistance to Mexico in the form of the Merida Initiative have made positive impacts, it is only by decreasing U.S. demand for illegal narcotics and encouraging Mexican economic growth that both nations can make real progress in the drug war.

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Thank you, also, to my committee, LTC Christian Van Alstyne, Mr. Raun Watson and Dr. Mark Hull. Without their assistance and support, this thesis would not exist.

This thesis is dedicated to those who serve both in the military and in law enforcement. They dedicate and risk their lives so that others may live safely in freedom.

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ACRONYMS

AFI	*Agencia Federal Investigacion,* Federal Investigation Agency (Mexico)
BATFE	Bureau of Alcohol, Tobacco, Firearms, and Explosives (U.S. Department of Justice)
DEA	Drug Enforcement Administration (U.S. Department of Justice)
DHS	U.S. Department of Homeland Security
DOJ	U.S. Department of Justice
DTO	Drug Trafficking Organization (commonly referred to as a cartel)
FBI	Federal Bureau of Investigation (U.S. Department of Justice)
GOM	Government of Mexico
HIDTA	High Intensity Drug Trafficking Area
MSCLEA	Military Support to Civilian Law Enforcement Agencies
NDIC	National Drug Intelligence Center (U.S. Department of Justice)
ONDCP	Office of National Drug Control Policy, Executive Office of the President
PAN	*Partido Accion National,* National Action Party, (a Mexican political party)
PRI	*Partido Revolucionario Institucional,* Institutional Revolutionary Party, (a Mexican political party)

CHAPTER 1

INTRODUCTION

> I reiterate that this is not an easy task, nor will it be quick, but it will take much time. It will imply enormous resources of Mexicans, including the lamentable loss of human lives. This is a job which may not bear fruit rapidly, but is indispensable to assure the future of Mexico.[1]
>
> --Mexican President Felipe Calderon

In December 2006, Felipe Calderon took office as President of Mexico to serve one six-year term. Shortly after taking office, he declared an internal war on the drug trafficking organizations (DTOs), commonly referred to as cartels, which had been operating outside the law throughout the country. Among the challenges he faced were the tremendous financial resources available to the cartels, their willingness to do anything necessary to keep and grow their illicit businesses and the rampant corruption in government at every level. The Mexican expression "*plata o plomo*" literally translates from Spanish to "silver or lead" and has real meaning where the DTOs are concerned. They are willing to pay off government officials to cooperate and just as willing to kill them when they do not. Given the choice the officials face, it should come as little surprise that corruption has become institutionalized.

As of March 2010, it is estimated that the current Mexican drug war has cost nearly 18,000 lives.[2] While there have been ebbs and flows in the rate over time, the violence continues. Ciudad Juarez, Chihuahua, south of the border from El Paso, Texas, has been called the most dangerous city in the Western Hemisphere and, along with other border cities such as Tijuana, Matamoros, Nogales, and Nuevo Laredo, has become an epicenter in Calderon's war.

At its outset, the Mexican people were generally supportive of Calderon's initiative. The systemic corruption in their government and the impunity with which the cartels operated were seen as serious problems to the average Mexican. That view, however, has changed somewhat as the violence has increased, the economy has suffered, and some border cities have been placed under *de facto* martial law. Mexicans have begun to question not only their government's ability to defeat the cartels but whether they may be better off returning to a time when they had corruption and lawlessness, but also had peace.

The U.S. has strong interests in Mexican stability. Those interests are not due only to the geographic proximity and the almost 2000 miles of shared land border; the two nations are inextricably linked economically, socially, and culturally. There can be no doubt that a failure of the Mexican state and the anarchy that could follow present a serious threat to the national security of the U.S. The problems the U.S. now has with illegal immigration would likely pale in comparison to the likely influx of refugees seeking escape. The likelihood of terrorists joining the exodus to attack the U.S. cannot be ignored. The result could be somewhat analogous to sharing a border with Somalia.

While the primary responsibility for securing the U.S. southern border falls to the U.S. Departments of Homeland Security and Justice, the military provides equipment, training, and intelligence to government agencies on both sides of the border. The U.S. Border Patrol is projected to have approximately 20,000 agents by the end of 2009, approximately 18,000 of whom will serve along the southwest border. While a ratio of nine agents for each mile of border may seem sufficient to some, the fact is that the border runs through vast areas that cannot be effectively patrolled and will remain far

from secure. At the end of 2009, media reports indicated that the proposed number of agents to be assigned to the border was being decreased by the Obama administration. DHS officials have denied that assertion.[3]

In June 2008, President George W. Bush signed the Merida Initiative into law, providing $400 million to the Mexican government to combat the threats of drug trafficking and money laundering. By contrast, the National Drug Intelligence Center, an agency of the Department of Justice, estimates that the cartels move at least tens of billions of dollars in illicit drug proceeds from the U.S. to Mexico annually.[4] The implications of that disparity are evident.

Any discussion of whether a nation is likely to become a failed state must start with a definition of that term. The U.S. Army uses a continuum developed by the U.S. Agency for International Development to describe "fragile states." A "vulnerable state" is defined as "a nation either unable or unwilling to provide adequate security and essential services to significant portions of the population." A nation falling into the "crisis" end of the continuum, which includes failing and failed states, is defined as "a nation in which the central government does not exert effective control over its own territory."[5]

Another attempt to define the term "failed state" comes from Daniel Thurer, a professor of international law writing for the International Committee for the Red Cross. Thurer states that the term is a broad label open to interpretation and includes three integral aspects: geographical/territorial, political, and functional. The geographical/territorial aspect denotes an internal "implosion" or "disintegration" of the "structure of power and authority" of a government. The political aspect describes the "internal collapse of law and order." The functional aspect is defined as a state incapable

of representing the nation on an international level. Thurer sums up these elements of a failed state definition by describing it as a state that retains "legal capacity" but "has for all practical purposes lost the ability to exercise it."[6]

There are as many definitions of the term "failed state" as there are authors on the subject. The common denominator among them is that a "failed state" is one that has lost the ability to provide essential services or provide for the security of its people.

For the purposes of this work, a distinction is made between the terms "failed state" and "failed government." While a state may be said to have failed based on the definitions above, a government may fail under its current leadership and be replaced by different leadership or an entirely different form of government. Further distinction is made in referring to the Government of Mexico (GOM) and Mexico.

Two Nations' Competing Interests

While the U.S. and Mexico have many common goals in the drug wars, their interests are somewhat divergent in many areas and accusations abound from both countries. The U.S. points at Mexico as the source of the vast majority of illegal narcotics entering the country. One estimate is that 90 percent of the cocaine in the U.S. crossed the border between the two countries.[7] The billions of narcotics trafficking dollars injected into the comparatively weak Mexican economy lead to questioning whether it is in the best interest of the GOM to shut down the flow. People within the GOM and media, on the other hand, point out the basic economics lesson that without demand, there would be no supply. The voracious American appetite for narcotics and the willingness of citizens of the world's wealthiest nation to pay for them is ample incentive for traffickers.

Other accusations by the Mexican government and media involve the flow of weapons into Mexico to arm the cartels. While there is some dispute as to the percentage of weapons seized from the traffickers being smuggled directly from the U.S., there is little doubt that the easy availability of firearms in the U.S. contributes significantly to the death toll in Mexico. Although the hand grenades and large-caliber machine guns used by the cartels certainly did not originate in an Arizona gun store, the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives (BATFE) has tracked a large number of smaller arms to "straw purchases." The term "straw purchase" refers to weapons purchases made at legitimate businesses by people who buy them legally and transfer them to people prohibited from buying them such as aliens and convicted felons.

The difference is a matter of perspective. While Mexicans may believe that many of their problems are the result of narcotics trafficking, the distinction must be made that it is the trafficking, not the drugs that are the cause. Following that line of reasoning, the appetite for drugs in the U.S. is the cause and Mexico's problems are only an effect. The perspective of many in the U.S., on the other hand, is that stopping the supply through increased enforcement will decrease the availability of illicit narcotics and, among other effects, drive their price to a level beyond the willingness or ability of consumers to pay for them.

Limitations and Delimitations

The scope of this paper is to familiarize members of the U.S. military and the population in general with issues on the U.S.-Mexican border. The author is a federal law enforcement officer who has worked, and expects to continue to work, on that border. Information that is classified or law enforcement sensitive has been excluded unless the

point can be made through open source material. Additionally, information from law enforcement officials who, because of the sensitive and dangerous nature of their jobs, cannot be named as sources is used as background and not cited. Personal knowledge of the author concerning trends and gained through attendance at court hearings and subject interviews is similarly not cited.

The most significant limitation with this paper is the rapidly changing nature of the issue. While this paper will be reasonably current as of May 2010, the focus must remain on root causes of the problem, not the constantly shifting effects that serve to illustrate, but not to shed light on, the underlying issues. The sheer volume of information updated daily demands this approach.

As stated, the border between Mexico and the U.S. is almost 2000 miles long and there are a number of trafficking *plazas*, or trafficking corridors, on it. Each *plaza* is controlled by or disputed among one or more cartels. While significant incidents occurring outside the West Texas area in the vicinity of El Paso and Ciudad Juarez will be addressed, the focal point of this thesis will be on that area. The decision to narrow the focus was based on the author's personal experience in the region and the high level of violence occurring there.

Because this paper is being written for the U.S. Army Command and General Staff College, the audience includes military officers. The author is not, however, currently a military officer. As a result, this paper is intended for a broader audience and the focus is on a government approach to the problem, not the more narrow military-only approach.

Organization

This thesis consists of five chapters. Chapter 1 is an introductory overview of the problems faced by the GOM and its citizens and the impact of drug related violence on the U.S. border region. Chapter 2 is a review of available literature on the subject including government publications, books, academic works, and media articles. Chapter 3 outlines the research methodology used in thesis preparation. Chapter 4 provides analysis of the primary and secondary research questions based on the author's research. Chapter 5 includes the author's conclusions and recommendations based on that analysis.

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[1]Felipe Calderon, Mexican President, "Michoacan" (Speech to the Michoacan residents, Michoacan, Mexico, 3 January 2007).

[2]Dudley Althaus, "Support of Calderon's Drug War Wavering as Death Toll Nears 18,000," *Houston Chronicle*, 18 March 2010.

[3]Laura B. Martinez, "DHS: Reports of Border Patrol Reductions False," *The Brownsville Herald*, 8 October 2009.

[4]U.S. Department of Justice, National Drug Intelligence Center, 2010-Q0317-001, *National Drug Threat Assessment 2010* (Washington, DC: Department of Justice, February 2010).

[5]Headquarters, Department of the Army, Field Manual (FM) 3-07, *Stability Operations* (Washington, DC: Government Printing Office, 2008), 1-9 to 1-10.

[6]Daniel Thurer, J.D., "The 'Failed State' and International Law," *The International Review of the Red Cross* no. 836 (31 December 1999): 731-761, http://www.icrc.org/web/eng/siteeng0.nsf/html/57JQ6U (accessed 4 April 2010).

[7]Stephanie Hanson, "Mexico's Drug War," *Council on Foreign Relations*, 20 November 2008, http://www.cfr.org/publication/13689/ (accessed 15 April 2010).

CHAPTER 2

LITERATURE REVIEW

This chapter is an overview of the literature used to produce this thesis based on its contribution toward answering the questions of whether the Mexican state is failing or has failed, and what the implications of that contingency would be for the U.S. The topic of narcotics-related violence on the border between the two nations is current and the situation changes daily. As a result, few books on the subject are not at least somewhat outdated. One book, in particular, as well as some of the media articles reviewed, were written as a call to arms and are incendiary almost to the point of uselessness. There is, however, a large volume of scholarly material, government publications, and legitimate media articles available on the topic. It is through these sources that the majority of the author's research was accomplished. Also useful were existing MMAS theses on similar subjects, although their focus was generally toward potential military intervention in the region and not the whole government focus of this thesis.

Books

One book especially helpful in researching this thesis had not yet been published when research began. *Mexico: Narco-Violence and a Failed State?* by George W. Grayson, and published in January 2010, is a very current, comprehensive study on the subject of the drug wars in Mexico. Grayson's work is a thorough examination of the topic from the Mexican perspective in that he devotes only one chapter specifically to the U.S. responses to the problem. Instead, he provides a detailed history of Mexican politics and culture dating back to their revolution at the beginning of the last century that is the

foundation on which the current situation was built. His explanation of the DTOs and their interactions with each other and the GOM is as detailed as any found in other sources. The one caveat is that, as recent at Grayson's book is, the situation has changed even since its publication.

Drug Wars: Narco Warfare in the 21st Century, a 2008 book by documentary film producer Gary "Rusty" Fleming, is a comparatively less in-depth treatment of the subject in the vein of a short film or television show. Written in the first person, it contains predominantly anecdotal evidence based on Fleming's personal experiences and interviews doing research in the border region. The value of this book for this thesis is its focus on the issue from the U.S. perspective and an "American-centric" discussion of solutions. Not as in-depth as the Grayson book, it is a broad, generalized treatment of the subject versus a detailed academic work.

Scholarly Articles

There is a large amount of scholarly articles on the subject of the Mexican drug cartels and the border region. The challenge has been to determine the articles that are most current and relevant to the situation and this thesis. Other criteria were the reputation of the source and the age of the article. Articles emanating recently from established institutions comprise the bulk of those used in writing this thesis.

"Mexico's Narco-Insurgency and U.S. Counterdrug Policy," a 45-page monograph by Hal Brands for the Strategic Studies Institute at the U.S. Army War College published in May, 2009, is a well researched, concise overview of the issue detailing current and proposed responses of the U.S. Specifically, Brands discusses the Merida Initiative, compares it to Plan Columbia from the 1990s and forms conclusions as

to Merida's shortfalls. Written from the perspective of a military professional, Brands' book recommends a comprehensive strategy analogous to a successful counterinsurgency, encompassing political, military, social, diplomatic, and economic programs.

STRATFOR's December 2008, paper, "Mexican Drug Cartels: Government Progress and Growing Violence," provides a detailed overview of the makeup and interactions of the various cartels and related organizations operating in Mexico as of the date of publication. Although alliances and inter-organizational disputes tend to change rapidly, the paper is still valid as a source for understanding the major players, the geography, and the deteriorating security situation in the country. In May 2010, STRATFOR published an update to that paper and that information was incorporated.

Existing MMAS Theses

Two existing MMAS theses from previous years have contributed to this work. Both were written by military officers and, as a result, approach the problem from a military perspective.

In his thesis "Re-framing the U.S./Mexico Border Violence Situation: Strategic Campaign Planning in Action," submitted in December 2009, Air Force Major Francis M. Benedict analyzed the issues of the drug trade and violence on the border through the military concepts of centers of gravity and lines of operation. While he addressed the problems faced by the GOM and the motivations of the DTOs, Benedict's conclusions and recommendations focused on strengthening border security and reducing the demand for narcotics in the U.S. He argued that controlling the border would drastically reduce the supply of drugs and cause a withering of the cartels and a dramatically reduced U.S.

demand. He questioned the commitment of the Obama administration of gaining control of the international border and thereby sufficiently addressing the problems of trafficking in both narcotics and people.

In his 2009 thesis, "Reconsidering Military Support to Counterdrug Operations Along the U.S.-Mexico Border," U.S. Marine Corps Major Eric A. Reid addressed the border security issue in terms of possible military responses, especially as it relates to Military Support to Civilian Law Enforcement Agencies (MSCLEA). Reid concluded that the U.S. military is unprepared for domestic counterdrug missions and cannot legally infringe on Mexican sovereignty to attack cartels there. He argued for increased resourcing of civilian law enforcement agencies on the border, stating, "if law enforcement agencies are outgunned, they should get bigger guns," and that "demand reduction is the only realistic means to make drug war progress."[1]

Government Publications

A number of U.S. government publications, many recurring at least annually, are relevant to the subject of this thesis. Notable are publications of agencies within the U.S. Department of Justice, including the Drug Enforcement Administration (DEA) and the National Drug Intelligence Center (NDIC). Other Executive Branch publications originate from the Office of National Drug Control Policy (ONDCP), headed by the "Drug Czar." The Legislative Branch's Congressional Research Service has published several studies for members of Congress which are also germane.

The NDIC published its most current "National Drug Assessment" in February 2010. It is an overall assessment of the drug problem globally as it relates to the U.S. A relatively short document, considering its scope, the annual report addresses the impact of

drug use and smuggling on the resources of law enforcement, the courts, and the healthcare system. Most relevant to this thesis are the Justice Department conclusions and recommendations based on the cited evidence.

The Office of National Drug Control Policy (ONDCP) is a part of the Executive Office of the President. Responsible for establishing administration objectives for reducing illegal drug use, the office produces the "President's National Drug Control Strategy," similar in nature to the "National Defense Strategy." The most current strategy was published in 2009 and focuses on preventing abuse, reducing addiction, and disrupting drug markets. The main anti-trafficking organizations of the ONDCP are High Intensity Drug Trafficking Areas (HIDTA). HIDTA task forces are funded by the office and include federal, state, and local law enforcement agents. The Southwest border region is one of 28 designated HIDTAs.

The DEA publishes occasional papers, press releases, and illustrations on its public website and within the law enforcement community. While some of the information to which the author has access is labeled "law enforcement sensitive" and cannot be used in this thesis, it has been used as a guide for further research. Other information published by the DOJ, including DEA publications and public domain illustrations, are used extensively.

Among several reports of the Congressional Research Service is "Merida Initiative: Proposed U.S. Anticrime and Counterdrug Assistance for Mexico and Central America," published in March 2008. The report is a six page summary of the Merida Initiative including a breakdown of initial proposed funding by country.

Miscellaneous Articles

The ongoing, constantly changing nature of this topic dictates that current media reports and opinion pieces must be a major part of the literary research for this thesis. In every case, the sources of information and the reputations of the publications have guided decisions on their use. Because the level of violence has risen recently, it is in the news daily, especially in the border region. With the exception of incidents that dramatically change the environment, current events are used only to illustrate points. Examples of such incidents include the murders of two U.S. Consulate officials in Ciudad Juarez in March 2010 and the March and April 2010 taking over of a Mexican border town by a cartel, resulting in an influx of asylum seekers to the U.S.

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[1]Eric A. Reid, "Reconsidering Military Support to Counterdrug Operations Along the U.S.-Mexico Border" (Master's thesis, U.S. Army Command and General Staff College, 2009), 96.

CHAPTER 3

RESEARCH METHODOLOGY

The primary research question addressed in this thesis is whether the GOM's war on the drug cartels and the consequential violence will result in a failure of that government or state. Inherent in that question from the perspective of the U.S. is what the implications would be for this nation and what the actions the U.S. should take. This thesis will examine the issue by means of qualitative and quantitative analyses of a wide variety of sources including media accounts, government reports, academic works, and historical documents. To a lesser extent, opinion pieces will be used when the information is valid and appropriate opposing viewpoints are available for inclusion.

A stated purpose of this work is to evaluate the direct and indirect threats of the turmoil in Mexico to the U.S. and to present conclusions as to the extent of the threat and courses of action available to counter it. The intended audience includes military and civilian agencies charged with maintaining U.S. domestic security. Within the assumption that the majority of that audience has little or no experience with the issues on either side of the border, an effort will be made to provide a basic understanding of the players, the cultures, and the motivations relevant to the subject.

The information and analysis for this thesis will be presented through three secondary research questions (SRQs). Each SRQ is comprised of four to five sub-topics, the analysis of which will build an overall answer to the SRQ.

SRQ 1: Does the GOM Have the Strength, Both Politically and Militarily to Fight the Cartels and Remain in Control?

Mexican President Felipe Calderon has stated that his government is at war with DTOs. Predicting the success or failure of war with any validity requires an understanding of the belligerents, their centers of gravity, and the cultural and economic forces in play. This SRQ will examine the GOM, the capabilities of the forces involved, and the cultural issues influencing the problem.

The first sub-topic under SRQ 1 is an examination of the political and military strength of the GOM. Understanding political and military capabilities requires an examination of the structure of the government. The history of Mexico's political system is complicated and it has directly influenced the current situation. For decades, a single party ruled the country with relative impunity. This changed beginning in the 1980s when a second party became stronger and eventually, in the 2000s, won the presidency. The effect of this political change was a status quo upset that had involved rampant corruption and the rise of DTOs but as far as the average Mexican was concerned, relative peace. This thesis will explore whether the recent advent of a two party system has strengthened or weakened the Mexican government and the effect it has had on the drug related violence there.

The second sub-topic under SRQ 1 examines the Mexican military and police forces on the front line of the drug war. Unlike in the U.S., military forces there perform law enforcement functions. Nowhere is this clearer than in Ciudad Juarez. In that city, the Mexican Army and federal police agencies have effectively taken over law enforcement duties to the point of disarming local police, patrolling the streets, and operating checkpoints throughout the city. The murder rate, however, has not dropped and the rates

of other crimes such as robbery, burglary, and kidnapping have risen dramatically. The resources and power of the cartels and the apparent inability of the GOM to gain control of the situation raise the question of whether that government is capable of stopping the violence.

The third sub-topic under SRQ 1 concerns the will of the Mexican people. Mexico is a representative democracy with an elected president constitutionally serving a single six year term. While the problems of drug trafficking, corruption, and violence within and among the cartels have existed for decades and were, to a degree, accepted by the population, they are not accepting the level and scope of violence they are now experiencing. Where there were once throngs of tourists visiting border towns, buying souvenirs, eating and drinking, the shops, bars and restaurants are now empty. People in Ciudad Juarez are afraid to leave their homes at night for fear of being targeted or hit by a stray bullet. Whether or not the Mexican state fails, can Calderon's party continue to govern? Although his war on drugs was initially popular, that was before it dramatically affected the average Mexican. A return to the equilibrium where the cartels operated, the money flowed, and the people were left alone is now enticing to the average Mexican.

The government completely free of corruption does not yet exist. In Mexico, as in much of the third world, it is an accepted part of life on many levels. The fourth sub-topic under SRQ 1 is an examination of allegations of rampant corruption in Mexico from local police officers to highest levels of government. Whether high-level corruption can be proved is somewhat irrelevant in that the perceptions of the people and the international community affect their responses to the problem.

SRQ 2: Given That the Cartels are Fighting Among Themselves, Can They Pose a Serious Threat to the Stability of the GOM?

An understanding of the organization of the cartels and the relationships among them and with other peripheral groups is important to understanding their strength. Achieving that understanding is a formidable task in that the subject is complicated and the geography, leadership, alliances, and power shifts are constantly changing. A simplified breakdown of the major players and their organizations, based on information as of the beginning of 2010, is necessary in order to grasp the causes, scope, and potential responses to the problem.

This thesis will address the DTO's strengths, both militarily and politically, and their weaknesses. While the traffickers' overarching goal is accumulation of wealth, other significant objectives are physical and political power. This work will analyze these centers of gravity to determine the extent to which they may be targeted.

SRQ 3: What Responses are Available to the U.S.?

The first sub-topic under SRQ 3 is an overview of the effect the violence in Mexico has had so far. These effects range from a significant increase in drug related kidnappings, especially along the Arizona-Mexico border, the murder of an informant in the Police Chief's neighborhood in El Paso, Texas, and the influx of asylum-seeking Mexicans in all four border states. Beyond these readily apparent effects is the impact on the economy of the border region. Manufacturing at the Mexican *maquiladoras*, or twin plants, where goods are assembled for shipment to the U.S., has been affected by the violence and the GOM's response. A significant part of the economy in U.S. border

towns such as El Paso and Laredo, Texas, is based on these plants and cross-border traffic.

A second sub-topic is the current U.S. response, including the Merida Initiative. This thesis will analyze this initiative and compare it to the actions taken in Colombia and results achieved there. A number of opinion pieces have been written concerning the effect a failed Mexican state would have on the U.S. While all are based on conjecture, the potential for economic and social impacts is apparent. The ability of U.S. law enforcement, as currently resourced, to deal with a likely flood of refugees, some of whom may desire to do harm, is questionable, at best. The takeover by a cartel of entire towns on the Mexican side of the border near Van Horn, Texas, and the large number of people crossing to seek asylum in March and April 2010, is an example of what the future could hold.

The subject of armed U.S. military intervention in Mexico beyond the type of assistance currently being provided has been addressed in several articles and academic works, notably two MMAS theses. Although the approach of this thesis is more political and economic, the topic cannot be ignored entirely. Mexicans are protective of their sovereignty and, as a result, likely to see overt military intervention by their powerful neighbor as a last resort.

CHAPTER 4

ANALYSIS

The Mexican Government

Since the Revolution of early twentieth century, Mexico has been a republic with three branches of government and constitutionally similar to the U.S. A simple majority elects the President for a single, six-year term. He is commander-in-chief of the military and historically has had the unofficial power to select and remove state governors, especially prior to the rise of a legitimate two party system.

The Mexican Congress is bicameral and constitutionally has essentially the same powers as the U.S. Congress. Again, this is changing due to the increase in power of a second party. Until the 1980s, when that second party began to gain momentum at local levels, virtually all the power of the legislature rested in the hands of the dominant party. The President, as head of that party, was able to exert considerable influence on the political lives of its members.

The Mexican federal judiciary is structured similarly to that of the U.S. The legal system, however, is based on Spanish civil law with strict adherence to statutes. The ability of judges to exert jurisprudence is minimal and decisions may not be applied beyond individual cases to interpret the constitution.[1] This, too, is changing as Mexico experiments with an open, adversarial system similar to that of the U.S.

The dominant political party in Mexico for decades was the *Partido Revolucionario Institucional* (PRI), translated to Institutional Revolutionary Party. Founded in 1929, the PRI exercised hegemonic power until the 1970s and 1980s when the *Partido Accion Nacional* (PAN), or National Action Party, began to have political

influence on the local level. The virtually unchecked power of the PRI for decades caused critics to refer to the Mexican Presidency as the "six year monarchy" since, as the leader of the PRI, the President had almost total control not only of the federal government but also of the state governments. Until 1991 all state governors were PRI members and reliant on the President to remain in power. One of the results of this control was rampant corruption and a widespread system of patronage.[2]

In the late 1980s, the PAN became more prominent, initially as a popular uprising against perceived abuses of the PRI. Periods immediately preceding elections became especially volatile as widespread demonstrations regularly impeded traffic in towns and cities and occasionally shut down international bridges to the U.S. Generally non-violent, these demonstrations were the precursor to the rise of the PAN through the 1990s, culminating in the eventual 2000 election of Vicente Fox, the first non-PRI President of post-revolutionary Mexico. The current President, Felipe Calderon, is also a PAN member.[3]

Mexico maintains a military strength of approximately 192,000, many of whom are conscripts serving for 12 months.[4] Municipal and state police forces come under local political jurisdictions. The primary federal law enforcement agency is the *Agencia Federal Investigacion* (AFI), or Federal Investigation Agency, the Mexican equivalent of the U.S. FBI. There is also a uniformed arm of the federal police called the *Policia Federal Preventiva* or Federal Preventative Police, in slang terms "*los federales.*" President Calderon has deployed large numbers of all three organizations to the border, especially in Ciudad Juarez where *de facto* martial law has existed for approximately two years. While the first months of 2010 have seen a reduction in the number of soldiers

patrolling the streets, approximately 1000 uniformed federal officers have replaced them. Among legal reforms proposed by President Calderon is a proposal to unify the federal police into one agency, allow them to investigate proactively, and increase the discretion of prosecutors.[5]

President Calderon and his PAN government are feeling pressure from the Mexican people who will ultimately decide their political fates. Initially, the efforts of Presidents Fox and Calderon to combat corruption and drug trafficking were popular. As the violence has continued to escalate unabated and soldiers have begun patrolling the streets of major cities in convoy formations, polls show that a majority of Mexicans are favoring a return to power of the PRI. Analysts believe many Mexicans are beginning to support a return to the old system under which trafficking and corruption were tolerated, but under which they experienced relative peace.[6]

Support for the efforts of the GOM has not entirely diminished. The DTOs have systematically subjugated large portions of the population through the threat of violence. In parts of the country, particularly near the border, they have established a parallel tax system, extorting payments from businesses and citizens to resource their war and replace revenue lost to declines in drug trafficking. As an example, in 2008 teachers in Ciudad Juarez were notified through signs posted at schools that they were to turn over their traditional Christmas bonuses or risk death.[7]

Corruption

Mexican Presidents Vicente Fox and Felipe Calderon both ran on political platforms that included reducing corruption in government. The Calderon administration in particular has attacked the problem at the federal level by providing better pay and

benefits, tougher hiring criteria, and an emphasis on more thorough investigations of allegations. In 2007, there were 6,253 investigations into the conduct of 4,877 federal employees, which resulted in 1,433 dismissals, and numerous suspensions and reprimands.[8]

The Fox administration created the AFI, in part as an attempt to form a professional investigative agency modeled on the FBI and freer of corruptive influences. By late 2005, however, nearly 1,500 of the 7,000 AFI agents were being investigated for corruption and 457 faced charges. Some of those investigated are alleged to have been working as enforcers for the Sinaloa DTO.[9] Similar stories are common at all levels of the Mexican enforcement community.

Corruption remains a major problem in Mexico in reality and in the view of the people. Their perception of the federal authorities has improved somewhat, but that of the local authorities remains negative. Considering the ruthlessness of the DTOs and their "*plata o plomo*" policies, law enforcement may not see any options, especially at the local level. Combine that with continued minimal pay and benefits at that level, turning down the enticements is likely to risk the financial well being of officers and their families, to say nothing of their lives.

There is a cultural divide between the U.S. and Mexico concerning government corruption. Unlike Americans, Mexicans view an official's public conduct and his or her public conduct as distinct. In a conference at the University of Chicago in 1995, history professor Claudio Lomnitz spoke about the history of corruption in Mexico. He said that exchanges of money or favors for services or certain privileges are part of the social fabric of the country. This may stem from Mexico's history of Spanish colonial rule

under which officials bought positions from the crown as an investment in a money making venture. Historically, both the government and the Catholic Church instituted the practice. The system has continued since Mexican independence. Positions were granted with the understanding that a percentage of the profit inherent in them will be returned, through various layers, to the appointing authority. It is difficult for Americans to understand this system which, although illegal, is culturally significant. It is more difficult to eliminate corruption in a culture that has practiced and condoned it, in some form, for centuries. Professor Lomnitz said he was "intrigued by the fact that although people complained about stealing on the part of officials, many also said that they would do the same thing if they had the power."[10]

The DTOs

There were five main DTOs operating in Mexico as of the beginning of 2010: the Gulf Cartel, the Beltran-Leyva Organization, the Sinaloa Cartel, the Carillo-Fuentes Organization (Juarez Cartel), and the Arrellano-Felix Organization (Tijuana Cartel). While that may appear to simplify the understanding of the Mexican drug war, the relationships among those organizations and the factors imposed by separate entities and subordinate groups with varied allegiances complicate it significantly.

The list of the five major Mexican DTOs represents only the major players operating there. Many minor factions, enforcers, hit teams, and minor narcotics retailers may be somewhat independent or tied to multiple DTOs. One of the previously minor players, "*La Familia Michoacana*" was once a part of the Sinaloa Federation but is now termed "an emerging cartel" by the DEA.[11] Another of those separate entities, *Los Zetas*,

had been an enforcement arm of the Gulf Cartel, but has split from that group, taken over a large part of their territory and essentially become a cartel in its own right.[12]

The DTOs maintain general geographical areas of influence but that, too, becomes complicated as they compete for *plazas* and operating territory. It is that competition, in large part, which has caused much of the violence among them. While the GOM is at war with the DTOs, they are at war with each other. Just as the relationships among the various groups are fluid, so are their territorial claims. Because the DTOs' business is based on moving narcotics into the U.S., those claims do not stop at the international border but have expanded far into the U.S. and have incorporated organized crime groups there.

The influence of Mexican DTOs on drug trafficking within the U.S. has become more significant in recent years. U.S. criminal gangs previously involved in relatively low-level mid-level and retail street sales are now organizing with DTOs to receive narcotics directly from Mexico. The NDIC estimates that there are approximately 20,000 street gangs dealing in narcotics in the U.S. operating in over 2,500 cities. The ability of these criminal organizations to obtain larger quantities of narcotics at wholesale prices increases profits for them and the DTOs by reducing costs and allowing the gangs to undercut local dealers on price. A result has been rapidly expanding distribution networks within the U.S. that are used to transport narcotics and bulk cash.[13]

Predominantly Hispanic prison-based gangs in the border region such as the Barrio Azteca, the Texas Mexican Mafia, the California Mexican Mafia, and the Hermanos de Pistoleros Latinos serve as conduits for movement of narcotics to street gangs and as enforcers for the DTOs in the U.S. The Barrio Azteca, in particular,

operates on both sides of the border and is the dominant criminal organization in the El Paso region. Along with performing an enforcement function for the Juarez Cartel, they manage their own criminal enterprises in that city, controlling retail narcotics sales by charging fees to retail dealers, and threatening violence on those who do not pay. In 2009, six Barrio Azteca members were tried in U.S. District Court in El Paso on an indictment that originally included eleven members of the gang. All six were found guilty and sentenced to life imprisonment, while the other five members plead guilty in exchange for lesser sentences. This case and other investigations by the FBI have damaged the gang, as has the infiltration of the Juarez trafficking *plaza* by the Sinaloa Cartel. They continue, however, to be the dominant crime organization in the region.

Of the five major DTOs, the first is the Gulf Cartel which has historically operated along the coast of the Gulf of Mexico, based in the city of Matamoros, Tamaulipas. Juan Garcia Abrego headed it until 1996 when he was extradited to the U.S. in the first handover of a major cartel figure by then President Vicente Fox. As Garcia Abrego was being tried in the U.S. District Court in Houston, the organization began to crumble as his regional commanders fought to fill the vacuum. Eventually, Osiel Cardenas was able to consolidate power, using a paramilitary group known as Los *Zetas* to murder and intimidate his opponents. Cardenas rebuilt the cartel in the late 1990s into what was considered the most powerful DTO in Mexico. In 2003, however, he was also arrested by the Mexican Army during a shootout lasting several hours. Cardenas was extradited to the U.S. in 2007 and the Gulf Cartel's influence has diminished significantly since.[14]

Although not one of the five major cartels, *Los Zetas* started as a paramilitary enforcer gang for the Gulf Cartel. It is commonly accepted that they were originally made up of Mexican Army special forces soldiers who had deserted and likely enticed by the much higher pay offered by the DTO. Initially charged by the Gulf Cartel with maintaining control, trafficking arms and collecting payments, *Los Zetas* have become increasingly strong on the eastern half of the U.S. border. Following a 2009 break with the weakening Gulf Cartel and forays into southern Mexican territory once controlled by the Juarez and Sinaloa Cartels, *Los Zetas* have strengthened their influence almost to the point of becoming a cartel themselves. This power shift and geographical incursion have contributed to the escalation in violence among DTOs.[15]

Until 2008, the Beltran-Leyva DTO, at one time headed by Alfredo Beltran-Leyva and his family, was a part of the Sinaloa Cartel. The arrest in January 2008, of Alfredo Beltran-Leyva, rumored to be the result of a betrayal by the Sinaloa Cartel, sparked a violent break.[16] Beltran-Leyva's brother, Arturo, moved to secure transport routes in Sinaloa territory and created loose alliances with the Tijuana, Juarez, and Tijuana DTOs. They were alliances of convenience, forged mainly to oppose the growing influence of Sinaloa leader Joaquin "*El Chapo*" Guzman-Loera.[17] In December 2009, Arturo Beltran-Leyva was killed in a raid by Mexican Marines and in January 2010, his brother Carlos was captured.[18] The removal of three of the Beltran-Leyva brothers has created a vacuum in their organization from which recovery may be impossible, leaving Guzman and his Sinaloa Cartel arguably the most powerful in Mexico.

Guzman, universally referred to as "El Chapo," Spanish for "Shorty," heads the Sinaloa DTO. Guzman was arrested by the GOM in 1993, sentenced to 20 years, and set

for extradition to the U.S. In 2001, he bribed several guards, escaped, and has been a fugitive since. U.S. intelligence assessments in April 2010 are that, if there is a winner emerging in the war among the DTOs, it is "*El Chapo.*" The spokesperson for the Federal Bureau of Investigation (FBI) in El Paso confirmed that the majority of the drugs entering the U.S. through Ciudad Juarez belongs to Guzman. In fact, it is the takeover of the Juarez "*plaza*" that has made the area ground zero for the drug violence in Mexico. There have been allegations in the media on both sides of the border that the GOM is not as aggressive with Guzman as with the other DTOs.[19] Whether or not that is true, *"El Chapo"* is fast becoming the most powerful drug lord in Mexico and according to *Forbes* magazine, number 41 of the 67 most powerful people in the world.[20]

The Juarez DTO is headed by Vicente Carillo-Fuentes and was organized in the late 1980s and early 1990s under his brother, Amado Carillo-Fuentes, who died in 1993 as he attempted to alter his appearance with plastic surgery. Long aligned with the now declining Beltran-Leyva DTO, the Juarez DTO is losing a two front war with the GOM and the Sinaloa DTO. The prize for "*El Chapo*" is the lucrative trafficking "*plaza*" in the Ciudad Juarez area where U.S. Interstate Highway 10 runs within a few yards of the border and a Mexican Highway 45 runs south toward the city of Chihuahua. The Juarez DTO controls two enforcement groups, one on each side of the border. In Mexico, they have "*La Linea*," made up of current and former Chihuahua police officers and in El Paso, just across the Rio Grande River, they have the *Barrio Azteca* prison gang.[21]

The Arellano-Felix Organization, also referred to as the Tijuana DTO, has been severely weakened since 2007 due to infighting spurred by the vacuum created after the October, 2008, arrest of the last of the Arellano-Felix brothers, Eduardo. Two factions

emerged, with one receiving the support of "*El Chapo's*" Sinaloa organization. The Tijuana DTO has become relatively impotent beyond the area immediately surrounding Tijuana but is still thought to retain control, partly in concert with the Sinaloa DTO of smuggling routes through Tijuana into Southern California.[22]

Alliances continue to change. In 2010, a new federation consisting of "*La Familia Michoacana*," the Gulf Cartel, and the Sinaloa Cartel appears to be emerging. The primary target of this alliance is "*Los Zetas*," former allies of the Gulf Cartel. While the new federation is an association of convenience for those involved, it stands to support the continued existence of the Gulf Cartel and weaken or destroy "*Los Zetas*" in their home territory surrounding the city of Monterrey. The immediate impact, however, has been a marked increase in violence in that region. Considering the past animosity between the Gulf and Sinaloa DTOs, the ability of the alliance to remain intact if "*Los Zetas*" are neutralized is in doubt.[23] Regardless of the outcome, the new federation is likely to strengthen the grip of the Sinaloa DTO, already the most powerful in Mexico.

Cartel Goals, Strengths, and Weaknesses

The ultimate goals of the DTOs are to make money and protect their power bases. The power they seek is not political but physical control of geographic regions. As a whole, it is unlikely the DTOs desire a failure of the state. Instead, their intention is to subvert it to their own ends. Historically there has been something of a symbiotic relationship between the GOM at all levels and the DTOs. The cartels rely upon government corruption in order to traffic narcotics and money and the estimated $25 billion they move into the country annually is a major infusion of cash into the economy

of a poor nation.[24] That cash and the weapons, corrupt officials, paramilitary enforcers and community goodwill it buys may be the DTOs' greatest strengths.

The DTOs greatest weakness is the war they are fighting among themselves. From 2006 to 2008, the number of cartel related murders in Mexico has almost quadrupled and in the first two months of 2009, the rate was 140 percent of that for the same period in 2008.[25] As of the end of April 2010, in Ciudad Juarez alone the number of cartel related killings since the war there began in 2008 is approaching 5,000.[26] The citizens of that city are afraid to leave their homes at night and business that were thriving on tourist dollars are closing. Aside from the attrition of foot soldiers the DTOs are experiencing, any community goodwill they may have had is eroding.

U.S. Responses

The U.S. has not been entirely protected from the violence by its border. The cartel wars have had indirect effects on the border region including increased immigration as people flee their homes and the economic impact due to decreased commerce. The direct effects, however, are beginning to be more evident. While the spillover of violence into the U.S. has been relatively minor when compared to the violence occurring in Mexico, Homeland Security Secretary Janet Napolitano has noted in congressional testimony that the unrest in Mexico presents a significant security threat to the U.S. due to the potential for more spillover and the increased related weapons violations in the border region.[27]

The NDIC reports that the cartel related violence on the U.S. side of the border, for the most part, directly affects people involved in drug trafficking and related crimes. The increase in cartel kidnappings and murders in the border region, especially in the

Phoenix, Arizona, area, is attributable to retribution for lost drug loads and failure to pay drug debts.[28] The fact that in 2008, El Paso, Texas, immediately adjacent to Ciudad Juarez, ranks as the second safest city of its size in the U.S. is ironic given that Ciudad Juarez is considered the least safe city of any size in the Western Hemisphere.

There is DTO violence in El Paso. An example is the author's personal experience of the 15 May 2009 murder in El Paso of a cartel member who had been informing on cartel members to U.S. agents. The murder took place in the neighborhood of the El Paso Police Chief and the alleged assassin was a U.S. Army soldier stationed at Fort Bliss. This was not an example of the indiscriminate violence of Ciudad Juarez beginning to manifest itself on the U.S. side of the two connected cities. The victim was heavily involved in the narcotics trade and was shot at close range and there were no other victims.

The DTOs have historically targeted U.S. federal agents in Mexico, prompting numerous warnings of specific and non-specific murder contracts on them rumored to have been instigated by cartel members. All agents operating in the border region are aware of the threats and, if they go to Mexico, they are advised to take necessary precautions including not carrying government issued identification or revealing their employers' identities. The 1985 torture and murder of DEA Agent Enrique "Kiki" Camarena in Mexico remains a current topic of conversation among border agents.

On 13 March 2010, violence against U.S. officials progressed beyond threats to U.S. law enforcement. Three U.S. citizens, one a pregnant woman, were murdered in Ciudad Juarez as they returned home from a children's birthday party. Two of the victims were employees of the U.S. Consulate in that city and the third was the husband of the

pregnant woman.[29] Most Americans killed in Mexico due to DTO violence have been either directly or indirectly involved in the narcotics business or have not been specifically targeted but were coincidentally present when their killers were intent on murdering others. The recent targeting of U.S. officials has increased tensions in both the U.S. and Mexico as officials consider the ramifications and possible responses.

The message the DTOs are attempting to send by killing U.S. officials appears to be one of terror aimed at symbols of official authority in order to achieve political results, namely the retreat of the GOM and its U.S. supporters from the drug wars. Combined with the murders of thousands of Mexicans, including military and law enforcement members, the Consulate employee murders are likely meant as an appeal to the population to force a truce. It may be having a degree of the desired effect. When President Calderon visited Ciudad Juarez following the U.S. citizen murders he encountered angry protesters demanding a return to the peaceful days which preceded his declaration of war on the DTOs.[30]

During the first decade of the twenty first century, the U.S. has drastically increased security on its southern border for two reasons: the perception of an increased terror threat post 11 September 2001 and the escalating violence of the DTOs in Mexico. That increase in border security has correlated to a reduction in the number and size of shipments of cocaine and heroin seized at the border and an increase in the wholesale cost of those drugs in the U.S. Between 2008 and 2009, for example, federal cocaine seizures dropped by over 50 percent. While the fighting among the cartels may be one of the causes, along with increased enforcement on both sides of the border, it is also an effect. The majority of the cocaine entering the U.S. does not originate in Mexico; it only

transits that nation on its way to the market, mostly from Colombia. That transit corridor began to become dominant only after increased enforcement in the Caribbean blocked that route in the 1980s. Just as the Colombian producers changed their tactics then, they may be changing them again. The inability to move product into the U.S. is making the Mexican DTOs desperate for cash flow and trafficking *plazas*. They are fighting not only for dominance but also for survival. That is not to say that there is no product to transport. Marijuana, for example, is grown and processed extensively in Mexico and has remained readily available to the DTOs.[31]

On 7 January 2010, the DOJ published its *Strategy for Combating the Mexican Cartels* in a memorandum signed by Deputy Attorney General David W. Ogden and addressed to the heads of all Department components. Those components include the U.S. Marshals Service, FBI, DEA, and BATFE. The strategy's objectives include increased enforcement efforts in the areas of drug trafficking, money laundering, firearms trafficking, and corruption, as well as reduction in the flow of narcotics into the U.S. and weapons into Mexico. Also notable is an emphasis on strengthening Mexico's law enforcement institutions and increasing cooperation with the GOM in the areas of information sharing and fugitive apprehension and extradition.[32] The DOJ strategy objectives are entirely enforcement oriented. While it recognizes and addresses the GOM claim that U.S. weapons and money from organized crime are being smuggled into Mexico, it makes no mention of any efforts to reduce drug consumption in the U.S. While other U.S. agencies such as the Department of Health and Human Services focus on that issue and the DEA has some programs in place, the resources of DOJ are being expended almost entirely on interdiction, prosecution, and security.

The Merida Initiative

In March 2007, Presidents Bush and Calderon met in Merida, Mexico, to discuss a plan to confront DTOs in Mexico, Central America, and parts of the Caribbean. On 22 October 2007, the U.S. and Mexico issued a joint statement to announce a multi-year, $1.4 billion plan for U.S. assistance for countries in the region to combat drug trafficking and organized crime in the region. The plan was named the Merida Initiative after the city in which the meeting took place. It has also been called "Plan Mexico," a misnomer in that the initiative includes Central America, the Dominican Republic, and Haiti.[33]

In 2008, the U.S. Congress approved $400 million for Mexico under the initiative. That figure dropped to $300 million in 2009 but there was a supplemental appropriation of $420 million for that fiscal year. The administration requested $450 million for fiscal year 2010. These figures do not include the money allocated for the regions outside Mexico and are, by themselves, well above the initial estimates for the program.[34]

The Merida Initiative funds are to be used to provide equipment, training, and technical expertise to interdict the flow of narcotics, weapons, cash, and people. Included in the plan is assistance in strengthening the institutions of justice by vetting police officers, reducing corruption, and instituting a witness protection program. The money will also go toward purchasing aircraft, improving communications, and implementing non-intrusive inspection measures. One important stipulation the U.S. Congress made in appropriating the money was that none of the funds are to be expended as cash payments to Mexico.[35]

Implementation of the Merida Initiative has been slow. As of spring 2009, only $7 million of the initial $400 million allocated had been spent. Reasons given by the U.S.

State Department, in charge of implementation, include cumbersome U.S. government contracting regulations, the procurement process for military equipment, coordination with the numerous U.S. and Mexican agencies involved, and slow negotiations with the GOM concerning what equipment is needed.[36]

The Merida Initiative goes beyond funding for training and equipment. In a manner similar to U.S. interagency efforts in Iraq, it provides for assistance in strengthening the rule of law in Mexico by providing experienced prosecutors, investigators, and judicial advisors to the GOM. The DOJ is providing experts in forensics, evidence collection, and asset seizure. The U.S. Marshals Service is assisting in the implementation of a witness protection program similar to that used by the U.S. government to prosecute major organized crime figures.[37] In addition, the Mexican judicial system is undergoing a transformation to a more open structure in its court proceedings with the assistance of U.S. District Judges who work directly with Mexican judicial officers. While the change is gradual, the goals are to reduce corruption, increase successful prosecutions, and encourage witnesses to testify without fear of retaliation.

The U.S. efforts in Mexico have often been compared to the somewhat successful efforts in Colombia beginning in 2000. The Andean Counterdrug Initiative, usually referred to as Plan Colombia, was a six-year program of funding and assistance aimed at promoting peace, economic development, and increased security in Colombia. Inherent in those goals, especially from the viewpoint of the U.S., was addressing drug trafficking from Colombia to the U.S. Total U.S. funding for the initiative, including military support, was $4.5 billion.[38]

Plan Colombia had a degree of success in two areas. Security conditions in Colombia have improved dramatically, although armed groups, notably the *Fuerzas Armanda Revolucionarias de Colombia* or Revolutionary Armed Forces of Colombia, continue to threaten stability, those groups engage in drug trafficking as a means to their revolutionary ends. The plan has also had a degree of success in increasing the price and decreasing the purity of cocaine and heroin exported from Colombia.[39]

The results achieved through Plan Columbia are attributed, in large part, to U.S. resources allocated to narcotics crop eradication, drug interdiction, infrastructure development, and development of alternative crops. The U.S. also assisted Colombia in institution building by strengthening the judicial system and promoting economic development.

Mexican Criticism

President Calderon and others in the GOM have become increasingly critical of U.S. counterdrug efforts. They point out the economic truth that, without demand, there would be no supply and contend that the efforts will fail unless the U.S. stops the movement of weapons and drug proceeds into Mexico and adequately addresses the consumption of illegal narcotics in the U.S.

According to U.S. Department of Health and Human Services statistics for 2008, 20.1 million Americans over the age of twelve are current illicit drug users, that is they have used drugs within the last month. That figure represents over eight percent of the population. They also estimate that over eight thousand Americans use illegal drugs for the first time every day. Demand for cocaine and marijuana is greater in the U.S. than anywhere in the world. These figures match those for 2007 and have remained relatively

constant over time. While 2009 statistics have yet to be released, the trend can be expected to continue.[40]

Among the sources of contention between the two nations is the idea that the vast majority of the guns used by the DTOs have flowed from the U.S. In February 2009, President Calderon stated that over 25,000 weapons had been seized in the previous two year period and that 90 percent, including missile launchers, machine guns and grenades had originated in the U.S.[41] The 90 percent figure has been repeated often, not only by GOM officials but by President Obama, Secretary of State Clinton and DHS Secretary Napolitano. It has been repeated so often, in fact, that both governments and the much of the media have adopted it as an article of faith. The truth, however, is more complicated. It is certainly true that weapons flow south, the result of the ready availability of small arms in the U.S. The 90 percent figure, however, is misleading. During the time span of 2007 to 2008, the GOM submitted approximately 11,000 weapons to the BATFE for identification. Of those, they were able to identify the origins of approximately 6,000 and of those, 5,114 were determined to have come from the U.S.[42]

The extent to which the U.S. is supplying arms to the DTOs lacks relevancy in that the cartels have the financial and logistical resources to obtain weapons in a global marketplace. While gun sales in Mexico are strictly controlled from a legal standpoint, the reality is that their border with Guatemala is uncontrolled. Decades of civil wars in Central and South America have contributed to the availability of military type weapons from all arms producing countries, including the U.S., Russia, China, North and South Korea, the United Kingdom, France, Germany, and Italy. Certainly, the movement of weapons directly from the U.S. is a legitimate concern of both nations and there is no

doubt that large numbers of weapons are being smuggled south. The allegation that 90 percent of the arms used by the cartels came from the U.S., however, does not stand up to scrutiny.[43]

The BATF is not ignoring the problem of guns going south. Operation Gunrunner is a $10 million program aimed at the problem. It provides for 37 new employees to track smuggling and seized weapons, including the assignment of two Special Agents each to the U.S. Consulates in Tijuana and Ciudad Juarez. Additionally, the DOJ is increasing the investigation and prosecution of people engaged in straw purchases of guns.[44]

Another criticism levied by the GOM toward the U.S. relates directly to the issue of narcotics demand. By one estimate of the NDIC, $17.2 billion in bulk cash was smuggled out of the U.S.by DTOs during the years 2003 and 2004. While the U.S. has made it difficult to place illicit funds into its financial institutions, doing so in Mexico or other destinations such as Caribbean nations is much less complicated. The billions of dollars in U.S. currency transported out of the U.S. for the benefit of the DTOs constitute the profit motive for their operations and fund their drug was as they use the money to purchase weapons and hire foot soldiers.[45]

The Effect on the U.S. of a Failure of the Mexican State

Former Director of the Office of National Drug Control Policy (ONDCP) and retired U.S. Army General Barry McCaffery has said that Mexico is at risk of becoming a "narco-state" within five years. While GOM officials dispute that contention, they do not deny there are serious problems. They point out that Mexico has the world's thirteenth largest economy, a growing middle class, and a legitimate democracy.[46] The consequences to the U.S. of a real failure of the Mexican State, as opposed to a failure of

the current government to remain in power, would likely include serious effects on the U.S. economy, a dramatic increase in immigration and the prospect of a criminal anarchy in power on the southern border.

Mexico is the third largest trading partner for the U.S., behind Canada and China. The difference between Mexico and the other two, however, is that Mexico is more than merely a trading partner. Mexico's economy is intertwined with that of the U.S., especially in the border region. The *maquiladoras*, or twin plants operating in the border region have historically been key to the economies in border cities Ciudad Juarez, Nuevo Laredo, and Tijuana. The advent of the North American Free Trade Agreement has served to increase that interdependence. On the Mexican side, the twin plants employ almost 400,000 people in Ciudad Juarez and Tijuana alone, and are major contributors to the economies in those areas. Less direct, but impacting the U.S., is the major investment of U.S. and international companies in the plants where many consumer goods are manufactured or assembled for global markets.[47] Along with twin plant investments are the dollars crossing the border daily as people from both sides live their lives. For someone unacquainted with the border region it can be difficult to understand how closely the communities are connected culturally. In El Paso, Texas, for example, the international border bisects a downtown area shared by both cities. The reality that El Paso and Ciudad Juarez are actually one large city separated by a river means that economically and culturally they are one. People live, work and attend school on both sides. The *Paso del Norte* Port of Entry, for example, has a special lane for students living in Ciudad Juarez and attending school in El Paso. As those students go north,

American managers who work at the *maquiladoras* but live in El Paso go south to begin their days.

The economic impacts of the drug war and the current global economic downturn have devastated Mexico. Between June 2008 and February 2009, the GOM estimates that 329,000 jobs have been lost in Mexico, a figure that, combined with existing unemployment, translates to thirty percent of the adult population of the country who cannot obtain full time employment.[48] The results of that large number of unemployed workers include increased illegal emigration to the U.S. and a ready pool of desperate people willing to work for the DTOs in their operations as smugglers, as enforcers, or as facilitators. The DTOs have long used poor people with few options to transport narcotics, both through U.S. ports of entry and at illegal crossing points. To many of these people, the DTOs offer the opportunity to survive. The consequences, however, can be tragic. Often the smugglers, referred to as "*burros*" or donkeys, are paid one hundred dollars or less to commit their crimes and an increasingly large number of them are apprehended by U.S. law enforcement. Depending on factors including the amount of narcotics seized and criminal history, these smugglers can receive up to ten years in U.S. federal prison. Reducing those sentences by testifying against the DTOs is likely to result in death for the smuggler or his or her family in Mexico. Although the DTOs expect the loss of some shipments of narcotics, the smugglers are often held accountable for them. Upon release from prison, convicted felons who are not U.S. citizens are almost invariably deported and subsequent entry is likely to result in a second felony conviction for unlawful reentry after deportation. If, due to their indebtedness to the DTO, the felon is found to have again transported narcotics into the U.S., the potential sentence increases

dramatically. Long prison sentences, however, have proven to have little deterrent effect on the DTOs who have an increasing population of people desperate to survive and who have few options.

A small-scale example of the immigration issues the U.S. would likely see if the GOM fails to curb the DTOs happened in April 2010, in Fort Hancock, Texas, a town of approximately 1,700 just north of El Porvenir and Esparanza, Mexico. The Sinaloa Cartel, seeking to maintain unimpeded trafficking routes in an area along the Rio Grande River approximately fifty miles east of Ciudad Juarez, effectively took over El Porvenir and Esparanza, telling the residents to leave and burning their homes. DHS said that claims of asylum there have increased from 11 in 2009 to 47 so far in 2010 and Fort Hancock schools have reported an increase of 50 new students in the schools for a community that had numbered 1,700.[49]

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CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The primary question asked in this thesis is whether the GOM's war on the DTOs and the resulting violence will result in a failure of the Mexican state. In attempting to answer that question, three secondary questions have been addressed. First, does the GOM possess the political, law enforcement and military strength to remain in control? Second, given that the DTOs are fighting among themselves, do they pose a serious threat to the stability of the GOM? Third, what should the U.S. response be?

In answering the first secondary question, it is necessary to separate the analysis of the GOMs law enforcement and military strength from that of the strength of the Calderon government. The GOM has a military force of 192,000 in its Army, Navy, and Air Force. Although Army conscripts serve for only 12 months, over 2 million Mexicans reach draft age annually. That fact presents its own problems. Mexican soldiers are inadequately paid and, once trained, they become prime candidates for recruitment by the DTOs and the other, paramilitary organizations that work for them. While groups such as *Los Zetas* were allegedly formed from the ranks of special forces units, as they grow they recruit other military members.

President Calderon recently increased the average soldier's monthly salary from $318 to $472 plus meals and other benefits. Even in a poor country like Mexico, where the monthly per capita income is approximately $1200, soldiers are poorly paid. The narcotics traffickers pay considerably more with fewer hardships. Certainly, paramilitary

enforcers for the DTOs are liable to be killed by GOM forces or rival cartels, but the military are targets as well.

The Mexican military, however, is strong in several areas. Due in large part to support from the U.S., they have aircraft, heavy weapons, and equipment unlike anything the DTOs could hope to obtain in significant numbers. Simple strength in military terms, though, is insufficient to control a domestic uprising. The use of the word "insurgency" is avoided here for reasons that will become clear later in this chapter.

Just as the military suffer hazardous duty for low pay, so do Mexican law enforcement officers, especially at the local levels. A common saying in Ciudad Juarez is that municipal police officers are paid ten pesos a day and all they can steal. While the Calderon government has taken strides in professionalizing federal law enforcement agencies and purging state and local departments, corruption is still rampant at every level. Given the history of institutional corruption in Mexico, it is unsurprising that Mexicans distrust government officials.

The strength of Calderon's government and the PAN is another matter. In the 2006 presidential election, Calderon won by less than one percent of the vote. Since then the PRI has failed to maintain party control of most of Mexico. The war on the DTOs has undoubtedly had a negative impact on the ability of the PAN to maintain power. When Calderon announced his offensive on the cartels and corruption in 2007, he had the overwhelming support of the Mexican people. That was before the war started costing them their livelihoods and many of their lives. More recently, many Mexicans have begun to conclude that the cartels cannot be defeated and corruption cannot be eliminated. The PRI was accused of tolerating and, to an extent, cooperating with the

DTOs, but there was relative peace. People were able to walk the streets with little fear of shootouts breaking out and the only people hurt were the cartel's rivals and the Americans using the drugs. Whether or not that perception stands up to academic scrutiny, it cannot be ignored because it a perception of many Mexican voters.

The GOM's greatest strength likely comes from the DTOs' greatest weakness. The cartels are engaged in a war on at least two fronts. At the same time the GOM declared war on all of them collectively, they have declared war on each other over territory, trafficking routes, and as revenge for killings or disloyalty to an alliance. There is also considerable infighting within the DTOs, especially in light of recent GOM successes. The Arellano-Felix organization (the Tijuana cartel), for example, has essentially been decapitated, creating a vacuum and power struggle which has weakened the DTO to the point of relative impotence.

The GOM's successes have a negative side. Until recently, there was no single, dominant cartel leader. Although Joaquin "*El Chapo*" Guzman and his Sinaloa Cartel were arguably the greatest threat to the GOM and other DTOs, their strength has grown dramatically in the last two years. "*El Chapo*" is now widely regarded by U.S. and Mexican authorities as the most powerful narcotics trafficker in Mexico by a wide margin. While it would be imprudent to state that the GOM has been complicit in that rise by attacking the Sinaloa cartel's rivals and not Guzman, members of the media in both Mexico and the U.S. have implied just that. This may be changing, however. As this thesis was being finalized, the author received notice through law enforcement channels of the arrest by Mexican Marines of Ignacio "Nacho" Coronel, reputed to be one of Guzman's highest-ranking lieutenants. While the arrest has yet to be confirmed, it could

serve to dispel theories concerning the complicity of the GOM in the rise of the Sinaloa DTO.

President Calderon has no political future. He is constitutionally prohibited from running again. The future of his party, the PAN, however, is in doubt. Since the party took the presidency in 2000 with the election of Vicente Fox, the GOM has actively fought the DTOs. There have been some successes, although many of them cannot be directly attributed to their actions. Cooperation with U.S. law enforcement is higher than it has ever been and, for the first time, Mexican citizens are being extradited to the U.S. to answer to indictments. The U.S. Marshals Service has a permanent presence in Mexico to work with their law enforcement officers and deputy marshals. The author included, make regular trips to Mexico City to pick up fugitives apprehended on provisional warrants. As previously stated, seizures of some drugs have decreased and cartel leaders are being arrested and prosecuted or killed. From the U.S. law enforcement perspective, this has been a major improvement over the PRI years. Of course, the PAN cannot rely on the votes of Americans to stay in power, and there is no doubt that the daily life of the average Mexican has changed for the worse.

Some in government and the media to describe the DTOs have used the term "insurgency." The use of that term, as defined, is not relevant to this paper. U.S. military joint doctrine defines insurgency as "an organized movement aimed at the overthrow of a constituted government through the use of subversion and armed conflict."[1] It is unlikely that any of the DTOs have any interest in overthrowing the GOM or governing Mexico. Their goals are to make money and maintain power over territory. The power they desire is not political and they have neither shown nor expressed a desire to govern. If the GOM

suddenly decided to end its offensive and revert to the unofficial policy of tolerance for the DTOs, taking their money and allowing them to operate within reasonable boundaries, the cartels will have achieved their goals in the war. If the DTOs centers of gravity are power and money, the war has cost them dearly.

The primary research question asked in this thesis is whether the DTOs are likely to cause a failure of the Mexican state. Two definitions of the bases for a failed state were examined; one used by the U.S. Army and the Agency for International Development, and one provided by Professor Daniel Thurer writing for the International Committee of the Red Cross. Based on the U.S. Agency for International Development continuum used to define fragile states, Mexico can best be described as "vulnerable" in that it has proven thus far to be unable to provide adequate security to significant portions of the population. Mexico does not yet, however, fall into the "crisis" category of a nation with a central government unable to exert effective control over its own territory. The distinction lies in the continued ability of the GOM to deploy forces and have some degree of success against the DTOs.

Neither is Mexico a failed state under Daniel Thurer's definition. The GOM has not experienced an internal collapse of law and order or a disintegration of its structure of power and authority. The Calderon government continues to exercise control of government functions including the military, law enforcement, and judicial system. There have been successes in recent months such as the arrest and killing of several major DTO leaders. The overall security situation remains a concern as control of large areas of the country has effectively been ceded to criminal organizations and the violence continues.

President Calderon's government continues to represent Mexico internationally, control the military, maintain the judicial system, and provide most essential services. While those services may not be provided at the level expected by Americans, they have not been significantly degraded during his tenure. The author's research has shown no indication of disloyalty within the command structure of the Mexican armed forces. Whether or not President Calderon's party, PAN, remains in power, it is unlikely the GOM or the Mexican State will fail by these definitions.

U.S. Responses

Mexico is a sovereign nation and Mexicans are very defensive of that concept when the issue involves the wealthy superpower on their northern border. A military incursion by conventional or special forces without the publicly expressed invitation of the GOM would likely provoke a war between the nations. Further, such an invitation from the GOM may incite a true insurgency, possible open rebellion and, ultimately, failure of the state. The use of U.S. military force in Mexico beyond non-combat assistance is simply not a viable option.

The option of stopping the smuggling and violence at the border is no more viable than a military incursion. It is impractical to raise the law enforcement or the military resources that would be needed. Certainly, the U.S. can deploy resources along specific areas along the border to effectively seal those areas. The DTOs, however, are nothing if not adaptable. Recent history has shown that efforts to secure portions of the border through increased manpower and prosecutions have been somewhat effective in countering illegal immigration into areas such as El Paso, San Diego, and Laredo where undocumented immigrants seek employment. Similar to a water balloon squeezed in the

middle, however, the DTOs simply relocate smuggling operations to areas with less enforcement. The deserted geography of the nearly 2,000 mile long border and the proximity of rail lines and interstate highways provide abundant options for smugglers.

The U.S. government is attempting to control the border with a new fence, electronic surveillance systems, and an increase in the number of Border Patrol agents assigned there. These expensive measures have achieved some success at slowing and rerouting the smuggling, but they are insufficient to stop it. Smugglers are tunneling under, cutting through, and climbing over the fence. The proposed increase of Border Patrol agents on the U.S.-Mexican border to 20,000 will serve to stop some smuggling and show an increase in prosecutions, but cannot effectively seal the border. Electronic sensors, radar systems, and other technical advantages serve only to alert Border Patrol agents that smugglers are crossing the border. If there are no agents in position to respond to the alerts, however, the systems have little worth.

Total border security is physically and financially impractical, and direct U.S. military intervention is beyond reasonable contemplation. The only options available to the U.S., then, are addressing the problems before they reach the border and reducing demand for narcotics in the U.S. Economic principles dictate that reduced demand and increased cost cause business failure. The demand for narcotics in the U.S. has remained high while the price of business for the DTOs has risen due to increased enforcement in Mexico and the U.S. as well as the war they are fighting among themselves. The decreased volume of narcotics in the U.S. and the corresponding increase in wholesale and retail prices is evidence of this.

Since the announcement of the Merida Initiative in 2007, a fraction of the money initially promised has actually been spent on assisting the GOM in prosecuting the war on drugs. The shortfall is not without reason. Fearing corruption, Members of Congress, the U.S. State Department and other U.S. government officials are wary of making cash payments directly to the GOM and demand that the money be spent on training, equipment, and technology. This results in an inability to spend the money more rapidly due to procurement timelines, limited training resources, and bureaucratic impediments.

Comparing the Merida Initiative to Plan Colombia is useful. While the problems faced by Mexico are similar to those Colombia faced, there are some major differences. Colombia is a manufacturer and exporter of cocaine and heroin whereas Mexico is generally regarded as a transit nation. Some of the success of Plan Colombia is due to narcotics crop eradication and alternate crop introduction, strategies not applicable to Mexico. The greater success in Colombia has been in the areas of economic development, infrastructure development and the institution of rule of law. There are two issues, however, preventing similar results under the Merida Initiative. The $400 million initially allocated for Mexico and the Caribbean is less than one quarter the amount ultimately spent on Plan Colombia, and little of that money has actually been spent. The other issue is the relative reluctance of the GOM to be seen as relinquishing any sovereignty to the U.S. by allowing open operations in Mexico.

Some groups, including some national leaders, propose U.S. drug legalization as a way to eliminate the DTOs. The U.S. Government, most notably the DOJ, vehemently oppose that notion. The primary argument made by DOJ is that the potential harm done would be significantly greater than any benefit that could be realized. Legalization

proposals present other problems. If the U.S. legalized marijuana, DTOs would traffic cocaine, heroin, LSD, methamphetamine, ecstasy, other drugs, and other contraband as they now do. Proponents are unlikely to gain broad support for legalizing all narcotics. The DTOs' operations would likely remain intact.

Significant quantities of heroin, marijuana, methamphetamine, and other drugs are produced in Mexico. Cocaine, however, originates in South American nations such as Colombia and Bolivia and is normally moved through Mexico into the U.S. This is a reasonably recent phenomenon. Beginning with the rise in cocaine use in the 1970s, the smuggling routes were through the Caribbean into Florida, Gulf states, and the Atlantic coast. While these routes are still used, increased enforcement by the U.S. Navy and Coast Guard has made them less desirable. Acquiring and interdicting ships and airplanes off shore is considerably less difficult than tracking shipments through the territory of a sovereign nation. In the 1980s, South American DTOs began shipping narcotics through Mexican intermediaries. Those intermediaries evolved into the current Mexican DTOs. One result of the Mexican drug wars is the reduced ability of the cocaine producers to market their product through Mexico. It is likely, therefore, that they will seek alternate routes to supply the U.S. demand and remove the Mexican DTOs from the equation. Possible alternatives include the U.S. west coast and the much larger and less enforced Canadian border. If the drug war can be won, it cannot be won while the U.S. demand for narcotics remains high.

Recommendations

1. The U.S. should continue to support the efforts of the GOM through full and increased funding of the Merida Initiative. While it is doubtful that Calderon's PAN will

retain power, it is imperative that any transition of power be peaceful and the GOM maintains pressure on the Mexican DTOs. The Merida Initiative is a start point for U.S. support in that it provides tools. Improving the situation in Mexico, however, will require considerably more than equipment and training programs.

As a model, Plan Colombia is not directly comparable to the Merida Initiative. It is, however, an example of the ability of the U.S. to assist in creating security and stability. Improved economic conditions, enhanced rule of law, and improved infrastructure were keys to Colombian success and are required in Mexico.

The U.S. must support economic growth in Mexico. The DTOs rely on the poor to carry out their operations. Mexico's resources, both natural and human, are among the greatest in the world. Beyond direct financial aid, Mexico must acquire, with international assistance, an increased ability to manage those resources effectively. The key focus of the Merida Initiative must be toward developing Mexico's economy and infrastructure. The poor economy of Mexico relative to that of the U.S. directly influences both drug and human trafficking. An investment in Mexican stability and prosperity will directly benefit the U.S. economically.

2. The cost to the DTOs of smuggling narcotics into the U.S. must rise to the point that continuing would be unprofitable. While increased enforcement at the points of entry is having an impact, it is not sufficient. Mexicans must attack the DTOs in Mexico. The U.S. must provide materiel, training, and economic assistance, but Mexican military and law enforcement organizations must destroy the ability of the DTOs at all levels to operate.

A significant component of decreasing the profitability of narcotics trafficking must be a continuation and enhancement of bi-national efforts to reduce the flow of money to the DTOs. While the U.S. is reasonably good at tracking money laundering operations and bank transfers within its borders, the ability to do so internationally is somewhat poor. Mexico has an economy based considerably more on cash transactions than the U.S. and the majority of the narcotics proceeds entering the country are U.S. currency. The ability to interdict bulk cash transactions entering Mexico and stop money laundering operations there will require U.S. and international assistance. The desired results of this effort would be the decrease in the DTOs financial resources and an increased ability to track fugitives by following financial transactions.

3. Demand reduction in the U.S. is imperative. Narcotics are a multi-billion dollar industry. As long as demand remains high, there will be a supply, whether it enters through Mexico, Canada, or on the coasts. The impossibility of sealing any of those avenues ensures it. Without a reduction in demand to make drug trafficking unprofitable, the U.S. drug war cannot be won. U.S. law enforcement focuses almost entirely on narcotics supply. While that is necessary as a measure to increase the cost of supply, most narcotics are highly addictive and cost is not a major factor in convincing addicts to discontinue their use. The U.S., including federal and state governments, must address narcotics addiction as the only key to reducing drug crimes.

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